

Financial Report
Terrebonne Levee and Conservation District
Chauvin, Louisiana
June 30, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-12-05

TABLE OF CONTENTS

Terrebonne Levee and Conservation District

June 30, 2004

	<u>Exhibits</u>	<u>Page Number</u>
Introductory Section		
Title Page		i
Table of Contents		ii – iii
Financial Section		
Independent Auditor's Report		1 – 2
Management's Discussion and Analysis		3 – 8
Basic Financial Statements:		
Government-wide and Fund Financial Statements:		
Statement of Net Assets and Governmental Fund Balance Sheet	A	9
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets	B	10
Statement of Activities and Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances	C	11
Reconciliation of the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	D	12
Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	E	13
Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Morganza to the Gulf Fund	F	14
Notes to Financial Statements	G	15 – 28

TABLE OF CONTENTS
(Continued)

	<u>Schedules</u>	<u>Page</u> <u>Number</u>
Special Reports Of Certified Public Accountants		
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Basic Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		29 – 30
Schedule of Findings		31
Reports By Management		
Schedule of Prior Year Findings		32
Management’s Corrective Action Plan		33

FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Levee and Conservation District,
Chauvin, Louisiana.

We have audited the accompanying financial statements of the governmental activities and each major fund of Terrebonne Levee and Conservation District (the District), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Terrebonne Levee and Conservation District as of June 30, 2004, and the respective changes in financial position thereof and the respective budgetary comparisons for the General Fund and Morganza to the Gulf Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 19, 2004 on our consideration of the Terrebonne Levee and Conservation District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
October 19, 2004.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of the Terrebonne Levee and Conservation District's (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended June 30, 2004. This document focuses on the current year's activities, resulting changes and currently known facts. Please read this document in conjunction with the additional information contained in the District's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

- The Terrebonne Levee and Conservation District's assets exceeded its liabilities at the close of fiscal year 2004 by \$37,820,066 (net assets), which represents a 6% increase from last fiscal year.
- The Terrebonne Levee and Conservation District's revenue increased \$992,597 (or 24%). As of June 30, 2004, unremitted dedicated sales tax collections held by Terrebonne Parish Consolidated Government amounted to \$5,601,545. These funds are excluded from Morganza to the Gulf Fund revenues recognized because the funds are not available for spending until the District prepares a written request to the Parish for the specific use of the funds and the Parish approves the use by action of the Parish Council.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The statement of activities presents information showing how the District's net assets changed during the fiscal year 2004. All changes in net assets are reported as soon as the underlying event giving

rise to the change occurs regardless of the timing related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the District is flood protection. The government-wide financial statements can be found on pages 9-12 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the District are governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and Morganza to the Gulf fund. The District adopts an annual appropriated budget for its general and Morganza to the Gulf funds. Budgetary comparison statements have been provided for the general and Morganza to the Gulf funds to demonstrate compliance with the budget. The basic governmental fund financial statements can be found on pages 9 – 14 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 – 28 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. For fiscal year ending June 30, 2004, assets exceeded liabilities by \$37,820,066. By far, the largest portion of the District's net assets (91%) reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure, machinery and equipment). The District uses these capital assets to provide flood protection services to the citizenry of Terrebonne Parish. Consequently, these assets are not available for future spending.

Terrebonne Levee and Conservation District Net Assets

	<u>2004</u>	<u>2003</u>
Current and other assets	\$ 5,204,290	\$ 4,892,134
Capital assets	<u>34,336,462</u>	<u>32,445,184</u>
Total assets	<u>39,540,752</u>	<u>37,337,318</u>
Long-term liabilities outstanding	46,162	43,012
Other liabilities	<u>1,674,524</u>	<u>1,528,427</u>
Total liabilities	<u>1,720,686</u>	<u>1,571,439</u>
Net assets:		
Invested in capital assets	34,336,462	32,445,184
Restricted	1,651,500	1,449,887
Unrestricted	<u>1,832,104</u>	<u>1,870,808</u>
Total net assets	<u>\$ 37,820,066</u>	<u>\$ 35,765,879</u>

Governmental Activities

Governmental activities increased the Terrebonne Levee and Conservation District net assets by \$2,054,187. Key elements of this increase are as follows:

**Terrebonne Levee and Conservation District
Changes in Net Assets**

	<u>2004</u>	<u>2003</u>
Revenues:		
Taxes	\$ 1,996,415	\$ 1,974,221
Intergovernmental:		
State of Louisiana:		
State revenue sharing	120,815	119,893
State reimbursement grants	2,703,058	154,397
State disaster reimbursements	-	24,926
Terrebonne Parish Consolidated		
Government:		
Sales Taxes	-	1,620,000
Reimbursement grants	351,533	268,460
Miscellaneous:		
Interest	35,278	50,558
Other	2,571	4,618
	<u>5,209,670</u>	<u>4,217,073</u>
Expenditures:		
Current:		
General government	317,559	303,479
Public safety	2,287,924	2,481,343
Intergovernmental	550,000	-
	<u>3,155,483</u>	<u>2,784,822</u>
Increase in net assets	2,054,187	1,432,251
Net assets beginning of year	35,765,879	34,333,628
Net assets end of year	<u>\$ 37,820,066</u>	<u>\$ 35,765,879</u>

For the most part, increases in flood and drainage expenses closely paralleled inflation.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$3,472,672, an increase of \$163,513 in comparison with the prior year. An unreserved fund balance of \$1,821,172 is available for spending at the District's discretion. The remainder of fund balance in the amount of \$1,651,500 is reserved to indicate that it is not available for new spending because it has already been committed to capital projects.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1,821,172, while total fund balance reached \$3,472,672. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balances and total fund balance to total fund expenditures. Unreserved fund balance represents 41% of total general fund expenditures. The fund balance of the District's general fund decreased by \$38,100 during the current fiscal year. Key factors of this reduction are as follows:

- Increase salaries and wages due to the hiring of two additional field personnel.

General Fund Budgetary Highlights

Major differences between the original budget and the final amended budget were as follows:

Revenues

- Increase of \$203,000 in Ad Valorem collections
- Increase of \$4,000 in funds received from Terrebonne Parish Consolidated Government

Expenditures

- Increase of \$89,000 for personal services
- Increase of \$231,000 for repairs and maintenance due to recent storms and current assessments of floodgates, which resulted in unanticipated maintenance expenditures
- Decrease in Hurricane Protection expenditures of \$7,281,881 and state reimbursement revenues of \$3,111,250 due to not receiving Congressional Authorization to initiate projects as anticipated

During the year, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates.

CAPITAL ASSETS

The District's investment in capital assets for its governmental activities as of June 30, 2004, amounts to \$34,336,462 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, machinery and equipment (see table below).

	<u>2004</u>	<u>2003</u>
Land	\$ 121,461	\$ 121,461
Equipment	946,733	1,025,212
Infrastructure	33,237,783	30,967,609
Construction in progress	30,485	330,902
Totals	<u>\$ 34,336,462</u>	<u>\$32,445,184</u>

Major capital asset events during the current fiscal year included the following:

- Construction was completed on the Lower Bayou Dularge Levee Project, Reach III.
- Maintenance equipment purchased during the year included a tractor, bush hog and a rock bucket.

Additional information on the District's capital assets can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Board of Commissioners of the District considered the following factors and indicators when setting next year's budget, rates and fees. These factors and indicators include:

- The Ad Valorem Tax revenue budgeted represents the estimated amount of the November 2004 assessment, which the District will receive, for the most part, in January 2005.
- Interest revenues have been budgeted with no anticipation of an increase in interest rates.
- An increase in Hurricane Protection System expenditures is expected largely due to the Morganza to the Gulf Project.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Commissioners of the Terrebonne Levee and Conservation District, 5500 Highway 56, Chauvin, Louisiana 70344.

STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET

Terrebonne Levee and Conservation District

June 30, 2004

	General Fund	Morganza to the Gulf Fund	Total	Adjustments (Exhibit B)	Statement of Net Assets
Assets					
Cash	\$ 2,673,724	\$ 1,215,208	\$ 3,888,932	\$ -	\$ 3,888,932
Receivables - taxes	9,872	-	9,872	-	9,872
Due from other governmental units	603,992	644,095	1,248,087	-	1,248,087
Prepaid insurance	-	-	-	57,094	57,094
Security deposits	305	-	305	-	305
Capital assets -					
Non-depreciable	-	-	-	151,946	151,946
Depreciable, net of accumulated depreciation	-	-	-	34,184,516	34,184,516
Total assets	\$ 3,287,893	\$ 1,859,303	\$ 5,147,196	34,393,556	39,540,752
Liabilities					
Accounts payables and accrued expenditures	\$ 418,164	\$ 207,803	\$ 625,967	-	625,967
Deferred revenue	1,048,557	-	1,048,557	-	1,048,557
Long-term liabilities	-	-	-	46,162	46,162
Total liabilities	1,466,721	207,803	1,674,524	46,162	1,720,686
Fund Balances/Net Assets					
Fund balances:					
Reserved - capital projects	-	1,651,500	1,651,500	(1,651,500)	-
Unreserved - undesignated	1,821,172	-	1,821,172	(1,821,172)	-
Total fund balances	1,821,172	1,651,500	3,472,672	(3,472,672)	-
Total liabilities and fund balances	\$ 3,287,893	\$ 1,859,303	\$ 5,147,196		
Net assets:					
Invested in capital assets				34,336,462	34,336,462
Restricted - capital projects				1,651,500	1,651,500
Unrestricted				1,832,104	1,832,104
Total net assets				\$ 37,820,066	\$ 37,820,066

See notes to financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

Terrebonne Levee and Conservation District

June 30, 2004

Fund Balances - Governmental Fund **\$ 3,472,672**

Amounts reported for governmental activities in
the statement of net assets are different because:

Capital assets used in governmental activities
are not financial resources and, therefore,
are not reported in the governmental fund.

Governmental capital assets	\$ 47,042,945	
Less accumulated depreciation	<u>(12,706,483)</u>	34,336,462

Other assets used in governmental activities
are not financial resources and, therefore,
are not reported in the governmental funds.

Prepaid insurance		57,094
-------------------	--	--------

Long-term liabilities are not due and payable
in the current period and therefore are not
reported in the governmental funds.

Compensated absences payable		(46,162)
------------------------------	--	----------

Net Assets of Governmental Activities		<u>\$ 37,820,066</u>
--	--	-----------------------------

See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT OF
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES**

Terrebonne Levee and Conservation District

For the year ended June 30, 2004

	General Fund	Morganza to the Gulf Fund	Total	Adjustments (Exhibit D)	Statement of Activities
Revenues					
Taxes	\$ 1,996,415	\$ -	\$ 1,996,415	\$ -	\$ 1,996,415
Intergovernmental:					
State of Louisiana:					
State revenue sharing	120,815	-	120,815	-	120,815
State reimbursement grants	2,058,963	644,095	2,703,058	-	2,703,058
Terrebonne Parish Consolidated Government:					
Reimbursement grants	351,533	-	351,533	-	351,533
Miscellaneous:					
Interest	24,919	10,359	35,278	-	35,278
Other	2,571	-	2,571	-	2,571
Total revenues	<u>4,555,216</u>	<u>654,454</u>	<u>5,209,670</u>	<u>-</u>	<u>5,209,670</u>
Expenditures/Expenses					
Current:					
General government:					
Ad valorem tax distributions to the Atchafalaya Basin Levee District	209,088	-	209,088	-	209,088
Ad valorem tax adjustment	18,134	-	18,134	-	18,134
Ad valorem tax deductions	90,337	-	90,337	-	90,337
Total general government	<u>317,559</u>	<u>-</u>	<u>317,559</u>	<u>-</u>	<u>317,559</u>
Public safety:					
Personal services:					
Salaries and related benefits	602,278	-	602,278	3,150	605,428
Supplies and materials:					
Office and shop supplies	13,216	-	13,216	-	13,216
Fuel for heavy equipment	13,283	-	13,283	-	13,283
Other services and charges:					
Insurance	114,818	-	114,818	(2,546)	112,272
Professional services	45,560	-	45,560	-	45,560
Telephone and utilities	29,650	-	29,650	-	29,650
Travel and meals	14,200	-	14,200	-	14,200
Occupancy	8,400	-	8,400	-	8,400
Miscellaneous and other	17,703	-	17,703	-	17,703
Repairs and maintenance	197,913	-	197,913	-	197,913
Depreciation	-	-	-	1,230,299	1,230,299
Total public safety	<u>1,057,021</u>	<u>-</u>	<u>1,057,021</u>	<u>1,230,903</u>	<u>2,287,924</u>
Capital outlay:					
General operations	67,030	-	67,030	(67,030)	-
Hurricane and flood protection	2,513,442	541,105	3,054,547	(3,054,547)	-
Total capital outlay	<u>2,580,472</u>	<u>541,105</u>	<u>3,121,577</u>	<u>(3,121,577)</u>	<u>-</u>
Intergovernmental	550,000	-	550,000	-	550,000
Total expenditures/expenses	<u>4,505,052</u>	<u>541,105</u>	<u>5,046,157</u>	<u>(1,890,674)</u>	<u>3,155,483</u>
Excess of revenues over expenditures	<u>50,164</u>	<u>113,349</u>	<u>163,513</u>	<u>1,890,674</u>	<u>2,054,187</u>
Other Financing Sources (Uses)					
Operating transfer in	-	88,264	88,264	-	88,264
Operating transfer out	(88,264)	-	(88,264)	-	(88,264)
Total other financing sources (uses)	<u>(88,264)</u>	<u>88,264</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(38,100)</u>	<u>201,613</u>	<u>163,513</u>	<u>(163,513)</u>	<u>-</u>
Change in Net Assets	-	-	-	2,054,187	2,054,187
Fund Balances/Net Assets					
Beginning of year	1,859,272	1,449,887	3,309,159	32,456,720	35,765,879
End of year	<u>\$ 1,821,172</u>	<u>\$ 1,651,500</u>	<u>\$ 3,472,672</u>	<u>\$ 34,347,394</u>	<u>\$ 37,820,066</u>

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL
FUND REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES TO THE STATEMENT OF ACTIVITIES**

Terrebonne Levee and Conservation District

For the year ended June 30, 2004

Net Change in Fund Balances - Governmental Fund		\$ 163,513
 Amounts reported for governmental activities in the statement of activities are different because:		
 Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	\$ 3,121,577	
Depreciation expense	<u>(1,230,299)</u>	
Excess of capital outlay over depreciation expense		1,891,278
 Some expenditures reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Prepaid insurance	2,546	
Increase in compensated absences	<u>(3,150)</u>	<u>(604)</u>
 Change in Net Assets of Governmental Activities		 <u>\$ 2,054,187</u>

See notes to financial statements.

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND**

Terrebonne Levee and Conservation District

For the year ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 1,830,000	\$ 2,033,000	\$ 1,996,415	\$ (36,585)
Intergovernmental:				
State of Louisiana:				
State revenue sharing	120,000	121,000	120,815	(185)
State reimbursement grants	3,059,250	1,598,000	2,058,963	460,963
Terrebonne Parish Consolidated Government - Reimbursement grants	500,000	554,000	351,533	(202,467)
Miscellaneous:				
Interest	50,000	20,000	24,919	4,919
Other	-	-	2,571	2,571
Total revenues	<u>7,559,250</u>	<u>4,326,000</u>	<u>4,555,216</u>	<u>229,216</u>
Expenditures				
Current:				
General government:				
Ad valorem tax distributions to the Atchafalaya Basin Levee District	-	204,500	209,088	(4,588)
Ad valorem tax adjustment	-	18,500	18,134	366
Ad valorem tax deductions	-	90,500	90,337	163
Total general government	<u>-</u>	<u>313,500</u>	<u>317,559</u>	<u>(4,059)</u>
Public safety:				
Personal services:				
Salaries and related benefits	486,300	575,300	602,278	(26,978)
Supplies and materials:				
Office and shop supplies	3,500	12,500	13,216	(716)
Fuel for heavy equipment	15,000	18,500	13,283	5,217
Other services and charges:				
Insurance	195,000	138,000	114,818	23,182
Professional services	52,000	54,840	45,560	9,280
Telephone and utilities	26,000	26,500	29,650	(3,150)
Travel and meals	9,600	13,600	14,200	(600)
Occupancy	8,400	8,400	8,400	-
Miscellaneous and other	23,100	16,857	17,703	(846)
Repairs and maintenance	97,000	328,000	197,913	130,087
Total public safety	<u>915,900</u>	<u>1,192,497</u>	<u>1,057,021</u>	<u>135,476</u>
Capital outlay:				
General operations	567,000	67,055	67,030	25
Hurricane and flood protection	6,382,200	2,718,732	2,513,442	205,290
Total capital outlay	<u>6,949,200</u>	<u>2,785,787</u>	<u>2,580,472</u>	<u>205,315</u>
Intergovernmental	-	550,000	550,000	-
Total expenditures	<u>7,865,100</u>	<u>4,841,784</u>	<u>4,505,052</u>	<u>336,732</u>
Excess (deficiency) of revenues over expenditures	<u>(305,850)</u>	<u>(515,784)</u>	<u>50,164</u>	<u>565,948</u>
Other Financing Uses				
Operating transfer out	-	-	(88,264)	(88,264)
Deficiency of Revenues Over Expenditures and Other Uses	<u>(305,850)</u>	<u>(515,784)</u>	<u>(38,100)</u>	<u>477,684</u>
Fund Balances				
Beginning of year	<u>2,770,113</u>	<u>1,859,272</u>	<u>1,859,272</u>	<u>-</u>
End of year	<u>\$ 2,464,263</u>	<u>\$ 1,343,488</u>	<u>\$ 1,821,172</u>	<u>\$ 477,684</u>

See notes to financial statements.

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
MORGANZA TO THE GULF FUND**

Terrebonne Levee and Conservation District

For the year ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental:				
State of Louisiana -				
State reimbursement grants	\$ -	\$ 350,000	\$ 644,095	\$ 294,095
Terrebonne Parish Consolidated Government - sales taxes	3,500,000	-	-	-
Miscellaneous:				
Interest	10,000	2,000	10,359	8,359
Total revenues	3,510,000	352,000	654,454	302,454
Expenditures				
Capital outlay:				
Hurricane and flood protection	4,400,000	781,587	541,105	240,482
Excess (deficiency) of revenues over expenditures	(890,000)	(429,587)	113,349	542,936
Other Financing Sources				
Operating transfer in	-	-	88,264	88,264
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	(890,000)	(429,587)	201,613	631,200
Fund Balances				
Beginning of year	1,434,887	1,449,887	1,449,887	-
End of year	\$ 544,887	\$ 1,020,300	\$ 1,651,500	\$ 631,200

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Terrebonne Levee and Conservation District

June 30, 2004

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Terrebonne Levee and Conservation District (the District) conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

The District was created on July 1, 1997 by enactment of House Bill No. 1396 Regular Session, 1997 as a political subdivision of the State of Louisiana (the State). The District consists of all lands in Terrebonne Parish. The management and control of the District is vested in a Board of Commissioners (the Board) appointed by the Governor from a list of nominees submitted by local state legislators, local government officials and civic groups. In addition to any other powers and duties provided by law, the primary duty of the Board shall be to establish, construct, operate and maintain flood control works as they relate to hurricane protection, tidewater flooding, saltwater intrusion and conservation. The Board has the authority to issue bonds and levee taxes on all property within the District. Until January 2000, the duties of the District were performed by the Atchafalaya Basin Levee District, the South Terrebonne Parish Tidewater Management and Conservation District and the North Terrebonne Parish Drainage and Conservation District. In January 2000, the South Terrebonne Parish Tidewater Management and Conservation District and the North Terrebonne Parish Drainage and Conservation District merged into the Terrebonne Levee and Conservation District. In July 2000, the accounts of the South Terrebonne and North Terrebonne districts were combined with those of the District, creating a single entity. Also, because Atchafalaya Basin Levee District continues to provide mainline levee protection which is beneficial to Terrebonne Parish, the District distributes 10% of all ad valorem tax and related state revenue sharing collections to the Atchafalaya Basin Levee District.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity (Continued)

The Governor is responsible for appointing the District's Board of Commissioners, but the State's accountability for the District is limited to making these appointments. The District is legally separate and fiscally independent of the State.

The District is a component unit of Terrebonne Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2004.

The District has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

b) Basis of Presentation

The District's basic financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements (individual major funds).

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the District. As of general rule, the effect of interfund activity has been removed from these statements. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues.

Fund Financial Statements:

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of Statement No. 34. Emphasis is now on the major funds in governmental categories. The daily accounts and operations of the District continue to be organized on the basis of a fund and accounts groups, each of which is considered a separate accounting entity. The operations of the fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (Continued)

resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following are the Governmental Funds of the District:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those that are required to be accounted for in another fund. The General Fund is always a major fund.

Morganza to the Gulf Fund - The Morganza to the Gulf Fund is used to account for the proceeds of transfers of dedicated ¼% sales taxes from the Terrebonne Parish Consolidated Government and reimbursements from capital outlay funds from the State of Louisiana that are legally restricted to expenditures for the Morganza to the Gulf hurricane protection project. The Morganza to the Gulf Fund is reported as a major fund.

c) Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (Continued)

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (Intergovernmental revenue) are recorded as revenue in the period for which levied. Thus, the 2003 property taxes which are being levied to finance expenditures for the 2004 calendar year will be recognized as revenue in the fiscal years ending June 30, 2004 and 2005. Accordingly, approximately one half of the 2003 tax levy is recorded as deferred revenue at June 30, 2004. Miscellaneous revenues are recorded as revenues when received in cash by the District or an intermediary collecting agency because they are generally not measurable or available until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due. Allocations of cost such as depreciation are not recognized in the governmental funds.

d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e) Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1303, the Board of Commissioners (the Board) adopted a budget for the District's General and Morganza to the Gulf Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget and a public hearing on the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The District amended its budget three times during the year ended June 30, 2004. All budgeted

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Operating Budgetary Data (Continued)

amounts which are not expended, or obligated through contracts, lapse at year end. The budget practices of the District are subject to the provisions of R.S. 38:318.

The General and Morganza to the Gulf Fund budgets are adopted on a basis materially consistent with GAAP.

f) Accounts Receivable

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

g) Prepaid Insurance

The District has recorded prepaid insurance in its government-wide financial statements. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. These costs are recorded as current expenditures of the governmental fund type financial statements.

h) Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Capital Assets (Continued)

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Hurricane protection infrastructure	40 years
Equipment, furniture and fixtures	5 - 15 years

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

i) Long-Term Obligations

The accounting treatment of long-term obligations depends on whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligations consist of accrued compensated absences: annual leave.

j) Compensated Absences

Employees earn and accumulate annual and sick leave at various rates, depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. However, unused sick leave is not paid upon termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Compensated Absences (Continued)

In the government-wide financial statements, the net change accumulated annual leave liability is recorded as an expense and the total a long-term obligation. In accordance with GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, (issued in March 2000), no compensated absences liability is recorded at June 30, 2004 in the governmental fund-type financial statements.

k) Interfund Transactions

Permanent reallocation of resources between funds of the District are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

l) Fund Equity

Government-wide Statements:

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any. At June 30, 2004 the District had no outstanding borrowings.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets.”

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1) Fund Equity (continued)

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

Note 2 - DEPOSITS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investment, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

State law requires deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

Note 2 - DEPOSITS (Continued)

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the District or its agent in the District's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department or its agent in the District's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution or its trust department or agent but not in the District's name and deposits which are uninsured or uncollateralized.

The year-end balances of deposits are as follows:

	<i>Bank Balances</i>			<u>Book Balance</u>
	Category			
	1	2	3	
Cash	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 3,824,066</u>	<u>\$ 3,888,932</u>

At June 30, 2004 deposits in excess of the FDIC insurance were collateralized by securities held by unaffiliated banks for the account of the District. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities uncollateralized. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2000. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended June 30, 2004 was \$4.89 per \$1,000 of assessed valuation on property within Terrebonne Levee and Conservation District for the purpose of acquiring, constructing, maintaining and operating hurricane protection facilities within the District.

As indicated in Note 1c), taxes levied November 1, 2003 are used to fund expenditures in calendar year 2004, therefore, one half of the 2003 tax levy is recognized as revenues in the fiscal year ended June 30, 2004 and one half in the year ending June 30, 2005.

The District distributes a percentage of all ad valorem tax and related state revenue sharing collections to the Atchafalaya Basin Levee District in accordance with the requirements of House Bill No. 1396. Expenditures for distributions to the Atchafalaya Basin Levee District totaled \$209,088 during the year ended June 30, 2004.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at June 30, 2004 consisted of the following:

	<u>General Fund</u>	<u>Morganza to the Gulf Fund</u>
State of Louisiana – Department of Natural Resources	\$ 31,652	\$ -
State of Louisiana – Facility Planning and Control	542,764	644,095
Terrebonne Parish Consolidated Government	22,748	-
Terrebonne Parish Tax Collector:		
June 2004 collections remitted to the District July 2004 - Ad Valorem Taxes	6,828	-
Totals	\$ 603,992	\$ 644,095

Note 5 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004 was as follows:

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
Capital assets not being depreciated:				
Land	\$ 121,461	\$ -	\$ -	\$ 121,461
<i>Construction in progress:</i>				
Office building	30,485	-		30,485
Hurricane and flood protection system infrastructure	<u>300,417</u>	<u>-</u>	<u>(300,417)</u>	<u>-</u>
Total capital assets not being depreciated	<u>452,363</u>	<u>-</u>	<u>(300,417)</u>	<u>151,946</u>
Capital assets being depreciated:				
Equipment, furniture and fixtures	1,754,910	67,030		1,821,940
Hurricane and flood protection system infrastructure	<u>41,714,095</u>	<u>3,354,964</u>	<u>-</u>	<u>45,069,059</u>
Total capital assets being depreciated	<u>43,469,005</u>	<u>3,421,994</u>	<u>-</u>	<u>46,890,999</u>
Less accumulated depreciation for:				
Equipment, furniture and fixtures	(729,698)	(145,509)		(875,207)
Hurricane and flood protection system infrastructure	<u>(10,746,486)</u>	<u>(1,084,790)</u>	<u>-</u>	<u>(11,831,276)</u>
Total accumulated depreciation	<u>(11,476,184)</u>	<u>(1,230,299)</u>	<u>-</u>	<u>(12,706,483)</u>
Total capital assets being depreciated, net	<u>31,992,821</u>	<u>2,191,695</u>	<u>-</u>	<u>34,184,516</u>
Total capital assets, net	<u>\$ 32,445,184</u>	<u>\$ 2,191,695</u>	<u>\$ (300,417)</u>	<u>\$ 34,336,462</u>

Note 6 – ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

Accounts payable and accrued expenditures at June 30, 2004 consisted of the following:

	General Fund	Morganza to the Gulf Fund
Vendors	\$ 260,235	\$ 207,803
Salaries and benefits	1,235	-
Protest taxes	156,694	-
Totals	\$ 418,164	\$ 207,803

Note 7 - LONG-TERM LIABILITIES

Long-term liabilities consist entirely of accumulated unpaid annual leave due after one year. The following is a summary of the changes in long-term liabilities of the District for the year ended June 30, 2004:

Long-term liabilities, July 1, 2003	\$43,012
Net increase in accumulated unpaid annual leave	3,150
Long-term liabilities, June 30, 2004	\$46,162

Note 8 - PENSION PLAN

Substantially all employees of the District are members of the Louisiana State Employees Retirement System (the System), a cost-sharing, multiple-employer public employee retirement system. The System is a statewide public retirement system, which is organized for the purpose of providing retirement and other benefits for employees of the State of Louisiana (the State) and its various departments and agencies and their beneficiaries, and is administered and controlled by a separate board of trustees. Contributions of participating State agencies are pooled within the System to fund accrued benefits, with contribution rates approved by the Louisiana Legislature.

Note 8 - PENSION PLAN (Continued)

All full-time District employees are eligible to participate in the System. Benefits vest with 10 years of service. Vested employees may retire at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 of service. The System also provides death and disability benefits. Benefits are established by State statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804, or by calling (225) 922-0600.

Covered employees are required by State statute to contribute 7.5% of gross salary and the District is required to contribute at an actuarially determined rate. The current rate is 15.8% of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by State statute. As provided by R.S. 11:102, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation from the prior fiscal year. Expenditures for contributions to the System for the year ending June 30, 2004 were \$55,047.

Note 9 - RISK MANAGEMENT

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. No settlements were made during the year that exceeded the District's insurance coverage.

Note 10- POSTRETIREMENT HOSPITALIZATION

The District provides for the payment of hospitalization premiums for retired employees as approved by the Board. The District will fund the entire premium for all employees retiring with at least ten years service and retiring from the formal retirement systems. The cost of providing these benefits is recognized as an expenditure as premiums are paid. For the year ended June 30, 2004, those costs amounted to approximately \$4,392.

Future liabilities under the District's plan for potentially eligible employees are dependent upon the age and length of service of those employees. The average employee age and service years are not available. At June 30, 2004, the District paid hospitalization premiums for one retired employee at an average monthly premium of approximately \$366.

Note 11 - COMMITMENTS AND CONTINGENCIES

At June 30, 2004, the District is named as a defendant in various legal claims arising in the ordinary course of operations. In the opinion of management, the ultimate resolution of these matters should not materially affect the financial statements of the District.

Note 12 - COMPENSATION OF BOARD MEMBERS

Per Diem payments are authorized by Louisiana Revised Statute 38:308 and are included in the personal service expenditures of the General Fund. Board members are paid \$75 per day, to a maximum of 36 days per year, for board meetings and official business.

The following amounts were paid to Board Members for the year ended June 30, 2004:

<u>Board Member</u>	<u>Number of Days</u>	<u>Per Diem</u>
Willis Henry, President	34	\$ 2,550
Anthony Alford, President (Beginning 6/16/2004)	2	- *
Willie Bonvillain	2	150
Donald Chiasson	22	1,650
Walton Daisy	31	2,325
Leward Henry	2	150
Allan Luke	24	1,800
Jack Moore	2	- *
Eugene Pellegrin	21	1,575
Burt Redmond	25	1,875
Michael Scurto	24	1,800
Gilbert Talbot	30	2,250
Jodie Teuton	2	150
Marvin Thibodaux	31	<u>2,325</u>
Total		<u>\$18,600</u>

* Anthony Alford and Jack Moore waived their right to receive a per diem.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF BASIC
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners,
Terrebonne Levee and Conservation District,
Chauvin, Louisiana.

We have audited the basic financial statements of the Terrebonne Levee and Conservation District (the District), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended June 30, 2004, and have issued our report thereon dated October 19, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level that risk that misstatements in amounts that would be material in relation to the financial statements being

audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of the Board of Commissioners, management and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by any one other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
October 19, 2004.

SCHEDULE OF FINDINGS

Terrebonne Levee and Conservation District

For the year ended June 30, 2004

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Reportable condition(s) identified that are not
 considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

b) Federal Awards

Terrebonne Levee and Conservation District did not receive federal awards during the year ended June 30, 2004.

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended June 30, 2004.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Terrebonne Levee and Conservation District

For the year ended June 30, 2004

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

*No material weaknesses were reported during the audit for the year ended June 30, 2003.
No reportable conditions were reported during the audit for the year ended June 30, 2003.*

Compliance

No compliance findings material to the basic financial statements were noted during the audit for the year ended June 30, 2003.

Section II Internal Control and Compliance Material to Federal Awards

The Terrebonne Levee and Conservation District did not receive federal awards during the year ended June 30, 2003.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2003.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Levee and Conservation District

For the year ended June 30, 2004

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended June 30, 2004.
No reportable conditions were reported during the audit for the year ended June 30, 2004.

Compliance

No compliance findings material to the basic financial statements were noted during the audit for the year ended June 30, 2004.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Levee and Conservation District did not receive federal awards during the year ended June 30, 2004.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2004.